

Message Text

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47

ACTION EUR-25

INFO OCT-01 NEA-14 ISO-00 XMB-07 EB-11 COME-00 TRSE-00

OMB-01 AID-20 OPIC-12 CIEP-03 SS-20 NSC-07 L-03 DRC-01

CIAE-00 INR-11 NSAE-00 RSC-01 PRS-01 /138 W

----- 102305

R 241108Z JUL 74

FM AMEMBASSY BELGRADE

TO SECSTATE WASHDC 058

INFO AMEMBASSY KUWAIT

AMCONGEN ZAGREB UNN

LIMITED OFFICIAL USE BELGRADE 3631

E.O. 11652: N/A

TAGS: EFIN YO KU

SUBJ: NATIONAL BANK GOVERNOR DISCUSSED \$100 MILLION

KUWAIT CREDIT AND OTHER YUGOSLAV CREDIT REQUIREMENTS

1. IN COURSE OF INTRODUCTORY CALL BY ECONOMIC-COMMERCIAL COUNSELOR YORK, NATION BANK GOVERNOR COLANOVIC EXPRESSED GREAT SATISFACTION WITH TWO TEN YEAR CREDITS TOTALLING \$100 MILLION EXTENDED DIRECTLY BY KUWAIT, AND WITH FAVORABLE TERMS "AVAILABLE ONLY TO A FIRST CLASS BORROWER."

2. COLANOVIC STATE THAT BANK IS ENTIRELY FREE TO USE CREDITS AS IT CHOOSES, AND THAT THEY WILL BE APPLIED TO DEVELOPMENT PROJECTS DOMESTICALLY AND IN THIRD COUNTRIES. FUNDS WILL NOT GO FOR PAN-ADRIA OIL-PIPELINE, HE SAID, BUT SEPARATE KUWAITI CREDIT FOR THIS PROJECT APPEARS ASSURED.

3 NATIONAL BANK IS NEGOTIATING FOR ADDITIONAL DIRECT CREDITS WITH OTHER OIL-PRODUCING COUNTRIES, COLANOVIC DISCLOSED, BUT "SINCE THERE IS NO ACUTE NEED FOR FRESH BORROWING" EARLY CONCLUSION OF NEW ARRANGEMENTS IS NOT EXPECTED.

4. COLANOVIC HAD PRAISED FOR RELATIONSHIP WITH EXIM BANK. HE
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COMMENTED THAT BORROWING FROM THIS SOURCE HAS REACHED LEVEL FROM

WHICH NO FURTHER MAJOR INCREASES ARE EXPECTED BY YUGOSLAVIA. IT WAS HOPED HOWEVER, THAT OVERALL VOLUME OF EXIM CREDIT TO ACCOMMODATE DESIRE OF YUGOSLAV FIRMS TO IMPORT HIGH-TECHNOLOGY US PRODUCTS, ESPECIALLY IN PETROCHEMICAL, AVIATION AND ELECTRONIC AREAS.

5. RELATIONSHIP WITH WEST GERMAN CREDIT ORGANIZATIONS NOT NEARLY SO SATISFACTORY, COLANOVIC COMMENTED. HE DISCLOSED THAT HERMES, GERMAN EXPORT LEADING ORGANIZATION, HAS FOR MANY YEARS IMPOSED 200 MILLION D-MARK ANNUAL LIMIT ON CREDITS TO YUGOSLAVIA- AN AMOUNT COLANOVIC CONSIDERED INSUFFICIENT.
TOON

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: CENTRAL BANK, DIPLOMATIC DISCUSSIONS, NEGOTIATIONS, DEVELOPMENT CREDIT
Control Number: n/a
Copy: SINGLE
Draft Date: 24 JUL 1974
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: kelleyw0
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1974BELGRA03631
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D740200-0375
From: BELGRADE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1974/newtext/t19740723/aaaaatih.tel
Line Count: 73
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EUR
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators:
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: kelleyw0
Review Comment: n/a
Review Content Flags:
Review Date: 03 JUL 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <03 JUL 2002 by shawdg>; APPROVED <26 FEB 2003 by kelleyw0>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: NATIONAL BANK GOVERNOR DISCUSSED\$100 MILLION KUWAIT CREDIT AND OTHER YUGOSLAV CREDIT REQUIREMENTS
TAGS: EFIN, YO, KU, (COLANOVIC)
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005